

Department of Social and Health Services

DP Code/Title: M2-TX Comm GF-S Fund Source Change

Program Level - 030 Mental Health

Budget Period: 2003-05 Version: C2 030 2003-05 2004 Sup-Agency Req

Recommendation Summary Text:

This item requests a fund source switch from general fund-federal to general fund-state to pay for non-Medicaid clients' community inpatient care. Statewide result number 5.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	1,800,000	1,800,000	3,600,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	(1,800,000)	(1,800,000)	(3,600,000)
Total Cost	0	0	0

Staffing

Package Description:

The Mental Health Managed Care System provides community outpatient and hospital inpatient care to Medicaid and non-Medicaid eligible clients in the community through the Regional Support Networks (RSNs). Two changes in federal requirements have resulted in the loss of federal funding available for non-Medicaid Mental Health Division (MHD) clients.

MHD had Disproportionate Share Hospital (DSH) funding available to cover the non-Medicaid claims that qualify for DSH. However, with the decrease to the Institution for Mental Disease (IMD) DSH lid, MHD can no longer claim DSH matching funds for these expenditures.

The Centers for Medicare and Medicaid Services (CMS) allowed managed care entities to use the savings from their Medicaid payments to purchase innovative services that were not Medicaid eligible (the intent was to use these for Medicaid clients, not to fund the state's non-Medicaid clients). However, in the past year, CMS has enacted more stringent rules that require Medicaid funds to be used only on Medicaid clients and services.

RSNs are required by RCW to serve clients in need of acute level services whether they are Medicaid eligible or not. Clients receiving treatment in a community hospital are determined to have acute level needs. Therefore, the RSNs are required to serve and pay for inpatient hospital stays for non-Medicaid clients in community hospitals.

For these reasons, the RSNs no longer have sufficient funding to cover the costs of the non-Medicaid clients they are required to serve. This request is for an increase in state funding to make up for the loss of available federal funds.

Narrative Justification and Impact Statement

How contributes to strategic plan:

These services are necessary to meet MHD's goal of providing a continuum of care for mentally ill clients.

Performance Measure Detail

Program: 030

**Goal: 04C Ensure public mental health works for most seriously,
chronically, mentally ill**

Output Measures

Incremental Changes

FY 1

FY 2

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1C1	Total number of persons served in community mental health services.	0	0
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Reason for change:

Due to the change in CMS' rules and the decrease in the Institution for Mental Disease Disproportionate Share Hospital payment lid. It is necessary that non-Medicaid charges for community inpatient clients under RCW be paid out of General Fund-State.

Impact on clients and services:

Ensures the MHD is able to maintain programs and services to consumers.

Impact on other state programs:

None

Relationship to capital budget:

Not applicable

Required changes to existing RCW, WAC, contract, or plan:

Not applicable

Alternatives explored by agency:

There is no option to not pay for clients in community inpatient settings that are non-Medicaid without changing state law around acute level need clients and also clients under the Involuntary Treatment Act (ITA). If these were repealed it would mean that some of the mental health systems clients in most need would not be served, which would affect many other programs such as Department of Corrections, the state hospitals, Juvenile Rehabilitation Administration, etc. Further, these clients could deteriorate to a point where they might become a major public safety issue.

Budget impacts in future biennia:

The cost should be carried forward into future biennia at levels similar to the 2005 levels.

Distinction between one-time and ongoing costs:

All costs are ongoing.

Effects of non-funding:

This option maintains the programs offered by the RSNs. Currently all community inpatient costs are the responsibility of the RSN. If these costs are not funded MHD would need a change in state law. Changes in state law would mean clients in desperate need, would go unserved.

Expenditure Calculations and Assumptions:

See attachment - MHD M2-TX Comm GF-S Fund Source Change.xls

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Object Detail

FY 1

FY 2

Total

Program Totals

DSHS Source Code Detail

Overall Funding

FY 1

FY 2

Total

Fund 001-1, General Fund - Basic Account-State

Sources Title

0011 General Fund State

1,800,000

1,800,000

3,600,000

Total for Fund 001-1

1,800,000

1,800,000

3,600,000

Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa

Sources Title

19TA Title XIX Assistance (FMAP)

(1,800,000)

(1,800,000)

(3,600,000)

Total for Fund 001-C

(1,800,000)

(1,800,000)

(3,600,000)

Total Overall Funding

0

0

0